

## REFORE THE ARIZONA CORPORA

1	DEFORE THE MICEOTAL COLLINA
2	BOB STUMP Chairman Arizona Corporation Commission
3	GARY PIERCE DOCKETED
4	BRENDA BURNS JUN 2 7 2013 Commissioner
5	BOB BURNS Commissioner
6	SUSAN BITTER SMITH Commissioner
7	
8	IN THE MATTER OF THE APPLICATION ) DOCKET NO. E-04204A-13-0077 OF UNS ELECTRIC, INC. FOR APPROVAL )
9	OF REVISED PRICING RIDER-3 MARKET )  DECISION NO
10	COST OF COMPARABLE ) ORDER CONVENTIONAL GENERATION )
11	
12	Open Meeting
13	June 11 and 12, 2013 Phoenix, Arizona
14	BY THE COMMISSION:
15	<u>FINDINGS OF FACT</u>
16	1. UNS Electric, Inc. ("UNS" or "Company") is certificated to provide electric se

rvice as a public service corporation in the State of Arizona.

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- On March 27, 2013, UNS filed an application for approval of its revised Pricing 2. Plan Rider-3 Market Cost of Comparable Conventional Generation ("MCCCG") to be used in conjunction with Pricing Plan Rider-4, Net Metering for Certain Partial Requirements Service ("NM-PRS"). UNS' Pricing Plan Rider-3 specifies a standard rate to be paid for purchases of excess energy from Net Metering Facilities. The last revision of Pricing Plan Rider-3 was approved by the Commission's Decision No. 73159 (May 18, 2012).
- For Net Metering customers, each calendar year, for the customer bills produced in 3. October (September usage) or for a customer's "Final" bill, the Company credits the customer for any balance of excess kWhs remaining. The payment for the purchase of these excess kWhs is at the Company's applicable avoided cost. UNS has defined its avoided cost as the average hourly market cost of comparable conventional generation as specified on its proposed Pricing Plan

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1 Rider-3 applicable to NM-PRS.

4. Rider-3 indicates that the MCCCG will be filed annually (by April 1) by UNS for approval by the Commission.

## **Proposed Tariff**

- 5. UNS' proposed revision to Pricing Plan Rider-3 would increase the MCCCG and therefore increases the avoided cost rate from 2.9003¢ per kWh to 3.6653¢ per kWh for purchases of excess energy from Net Metering Facilities.
- 6. Staff has reviewed UNS' hourly marginal costs that resulted in the 3.6653¢ rate and finds the data and calculations to be reasonable.

## Recommendations

- 7. Staff has recommended that UNS' revised Pricing Plan Rider-3 (MCCCG) as applicable to Pricing Plan Rider-4 NM-PRS be approved.
- 8. Staff has further recommended that UNS file a Pricing Plan Rider-3 consistent with the Decision in this case within 15 days of the effective date of the Decision.

## **CONCLUSIONS OF LAW**

- 1. UNS is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.
- 2. The Commission has jurisdiction over UNS and over the subject matter of the application.
- 3. Approval of Pricing Plan Rider-3 does not constitute a rate increase as contemplated by A.R.S. Section 40-250.
- 4. The Commission, having reviewed the application and Staff's Memorandum dated May 14, 2013, concludes that Pricing Plan Rider-3 should be approved as discussed herein.

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ORDER UNIC EI

IT IS THEREFORE ORDERED that UNS Electric, Inc.'s revised Pricing Plan Rider-3 in the amount of 3.6653¢ per kWh be and hereby is approved as discussed herein.

IT IS FURTHER ORDERED that UNS Electric, Inc. shall file a revised tariff consistent with this Decision with Docket Control, as a compliance matter to this docket, within 15 days of the effective date of this Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

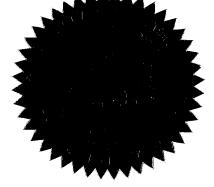
BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIÓNER



**COMMISSIONER** 

Jodi Jerich

EXECUTIVE DIRECTOR

DISSENT:

DISSENT:

SMO:JJP:sms\CHH

Decision No. 73935

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Docket No. E-04204A-13-0077